

**JOHORE TENGGARA OIL PALM BHD (Co. No. 17867-T)**  
(Incorporated in Malaysia)

**NOTES TO INTERIM FINANCIAL REPORTING**

**KLSE LISTING REQUIREMENTS**

**1. Review of Performance**

For the first quarter ended 31 March 2003, the Group recorded a revenue of RM15.2 million as compared to RM11.52 million registered in the corresponding period last financial year. Profit before taxation for the quarter is RM2.20 million as compared to a loss of RM0.23 million registered for the corresponding period last year. Revenue and profit for the quarter improved due to a significant increase in selling prices of palm products.

**2. Comparison of Results with the Preceding Quarter's Results**

For the quarter under review, the Group recorded a profit before tax of RM2.20 million as compared to RM1.29 million in the immediate preceding quarter. The increase in profit is mainly due to better average palm oil prices achieved in the quarter.

**3. Prospects for the Current Financial Year**

If the prices of palm products are maintained at the prevailing levels, the Board expects the Group's performance for the current financial year to be satisfactory.

**4. Variance of Actual Profit from Forecast Profit**

The Group has not issued any profit forecast for the year under review.

**5. Taxation**

	Current Year Quarter 31.3.2003 RM'000	Current Year To date 31.3.2003 RM'000
Current tax expense	298	298
Underprovision in prior year	25	25
	<hr/>	<hr/>
	323	323

The effective tax rate of the Group for the current quarter is lower than the statutory tax rate principally due to the utilisation of previously unrecognised tax losses, and capital and agriculture allowances.

**6. Unquoted Securities and / or Properties**

There is no sale of unquoted investments and/or properties for the financial quarter under review.

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**7. Quoted Securities**

**(a) Summary of purchases and sales of quoted investments:-**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter 31.3.2003 <u>RM'000</u>	Preceding Year Corresponding Quarter 31.3.2002 <u>RM'000</u>	Current Year To Date 31.3.2003 <u>RM'000</u>	Preceding Year Corresponding Period 31.3.2002 <u>RM'000</u>
Total Purchases	-	1,295	-	1,295
Total Sale Proceeds	-	5	-	5
Total Profit on Disposal	-	(1)	-	(1)

**(b) Summary of details of all investments**

	<u>31/3/2003</u> <u>RM'000</u>	<u>31/12/2002</u> <u>RM'000</u>
Total investment at cost	8,928	8,928
Total investment at carrying value / book value (after provision for diminution in value)	5,995	6,640
Total investments at market value at end of reporting period	5,995	6,640

**8. Status of Corporate Proposals**

There is no announced corporate proposal which is not completed as at the date of this report.

**9. Group Borrowings**

	<u>31/3/2003</u> <u>RM'000</u>	<u>31/12/2002</u> <u>RM'000</u>
<b><u>Short term</u></b>		
Term Loans – secured	372	369
Revolving Credits – secured	67,100	69,500
Revolving Credits – unsecured	8,500	10,000
Bank Overdraft		
– unsecured	-	1
Hire Purchase – secured	24	24
	<u>75,996</u>	<u>79,894</u>
<b><u>Long term</u></b>		
Term Loans – secured	746	840
Hire Purchase – secured	51	57
	<u>797</u>	<u>897</u>

**10. Financial Instruments with Off Balance Sheet Risks**

There is no financial instrument with off balance sheet risks issued as at the date of this quarterly report.

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**11. Material Litigation**

There is no material litigation involving the Group as at the date of this quarterly report.

**12. Dividend**

The Board does not recommend any dividend for the quarter ended 31 March 2003 ( Q1 2002 : Nil ).

**13. Earnings Per Share**

The basic and diluted earnings per share for the current financial quarter is calculated based on the consolidated profit after tax and minority interest of RM2.02 million divided by the number of ordinary shares in issue during the financial quarter of 160 million shares.

**MASB 26 DISCLOSURE REQUIREMENTS**

**(a) Accounting Policies**

The quarterly financial statements have been prepared in accordance with MASB 26 Interim Financial Reporting and Chapter 9 part K of the Listing Requirements of Kuala Lumpur Stock Exchange. The same accounting policies, methods of computation and bases of consolidation are followed as compared with those used in the preparation of recent annual financial statements, except for the adoption of MASB 25 – Income Taxes whereby the comparative figures have been restated to reflect the change in the method of deferred taxation calculation .

The effects of the change in accounting policy on the comparative figures are summarised below:

	<b>As previously reported</b>	<b>Effect of change in policy</b>	<b>As restated</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>3 months ended</b>			
<b>31 March 2002</b>			
- Tax expense for the period	70	43	113
<b>As at 31 December 2002</b>			
- Goodwill on consolidation	1,516	22,022	23,538
- Receivables	10,869	12,274	23,143
- Reserves	246,948	3,843	250,791
- Minority Interests	20,070	(4,300)	15,770
- Other deferred liabilities	3,204	34,752	37,956
Net tangible assets per share	RM 2.54	RM (0.12)	RM 2.42

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- (b) Audit Qualification**  
The annual report of the preceding year did not have any qualification.
- (c) Seasonal or Cyclical Factors**  
The Group's plantation operations are affected by seasonal crop production, weather condition and fluctuating commodity prices.
- (d) Exceptional Item**  
There is no exceptional item in the financial quarter under review.
- (e) Nature and Amount of Changes in Estimates**  
There is no change in the nature and amounts in estimates in prior interim period or financial year that has a material effect in the current financial quarter.
- (f) Issuances, Cancellation, Repurchases, Resale and Repayment of Debt and Equity Securities.**  
There is no issuance or repayment of debt and equity securities, share buy-back, share cancellation, share held as treasury shares and resale of treasury shares for the current financial year to date.
- (g) Dividends Paid**  
No dividend has been paid during the financial quarter.
- (h) Segmental Reporting**  
No segmental information has been prepared as the Group's principal activity in the current financial period involves predominantly in cultivation, processing and sales of fresh fruit bunches, crude palm oil and palm kernel and is wholly carried out in Malaysia.
- (i) Valuation of Property, Plant and Equipment**  
There is no amendment to the valuation of Property, Plant and Equipment made in the recent annual financial statements.
- (j) Material Events Subsequent to First Financial Quarter**  
There is no material event subsequent to 31 March 2003 that has not been reflected in the quarterly financial statements for the quarter ended 31 March 2003 .
- (k) Changes in the Composition of the Group**  
There is no change in the composition of the Group during the quarter under review.

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**(I) Contingent Liabilities**

	<b>31/3/2003 RM'000</b>	<b>31/12/2002 RM'000</b>	<b>CHANGE RM'000</b>
Corporate guarantee for credit facilities granted to third parties under "Skim Industri Pertanian"	<u>2,069</u>	<u>2,128</u>	<u>(59)</u>

By Order of the Board

Mohamad Affendi Bin Yusoff (LS 007158)

Sakinah Abdul Kadir (MAICSA 7000087)

Companies Secretaries

Dated : 28 May 2003